

To the Honorable Council City of Norfolk, Virginia December 15, 2015

From:

David S. Freeman, AICP

Director of General Services

Subject: Conveyance of a Buildable GEM Lot for Disposition Located at 2606 Middle Avenue to Notable

Rehabs, LLC.

Reviewed:

Peter H. Chapman, Deputy City Manager

Ward/Superward: 3/7

Approved:

Maren Done

Item Number: PH-5

Marcus D. Jones, City Manager

I. Recommendation: Adopt Ordinance

II. Applicant:

Notable Rehabs, LLC

III. Description:

This agenda item is an ordinance to dispose of a vacant, non-standard size parcel of land owned by the City of Norfolk ("city"). This parcel, located at 2606 Middle Avenue (the "Property"), is a GEM lot and was acquired by the city under § 58.1-3970.1 of the *Code of Virginia*, 1950, as amended. This parcel is to be conveyed to Notable Rehabs, LLC ("Notable Rehabs") under the GEM Side Lot for Development Disposition Program ("Program").

IV. Analysis

Notable Rehabs seeks to purchase and develop the property, which is located in the Lindenwood area of the city. The cost to Notable Rehabs for purchase of the property from the city is \$32,400.00 (the total assessed value). This conveyance will enable the city to place the property back on the tax rolls. No specific city use has been identified for the property and therefore, conveyance to Notable Rehabs is consistent with the goals of the Program.

V. <u>Financial Impact</u>

| Cost for Conveyance | Thirty-two Thousand Four Hundred (\$32,400.0) Dollars |
|---------------------------------|------------------------------------------------------------|
| Typical Costs of Closing | Each party to this transaction shall pay its own leg fees. |
| FY2016 Assessed Value of Parcel | \$32,400.00 |

| Annual Tax Revenue | \$372.60 annually (will increase upon development of |
|--------------------|---------------------------------------------------------|
| | property – conveying this property will enable the city |
| | to place the property back on the tax rolls) |

VI. Environmental

There are no known environmental issues associated with this property.

VII. Community Outreach/Notification

In accordance with the Norfolk City Charter and Virginia State law, a legal notice will be posted in *The Virginian-Pilot*. In addition, public notification for this agenda item was conducted through the City of Norfolk's agenda notification process.

VIII. Board/Commission Action

N/A

IX. Coordination/Outreach

This ordinance and letter have been coordinated with the Department of General Services – Office of Real Estate and the City Attorney's Office.

Supporting Material from the City Attorney's Office:

- Ordinance
- Exhibit A Legal Description of the Property
- Exhibit B Proposed Conveyance Agreement

11/3/2015-wld

Form and Correctness Approved:

Office of the City Attorney

NORFOLK, VIRGINIA

Contents Approved:

DEPT. General Services

ORDINANCE No.

AN ORDINANCE AUTHORIZING THE CONVEYANCE TO NOTABLE REHABS, LLC OF A CERTAIN PARCEL OF PROPERTY LOCATED AT 2606 MIDDLE AVENUE FOR THE TOTAL SUM OF \$32,400.00 IN ACCORDANCE WITH THE AND CONDITIONS OF THE CONVEYANCE AGREEMENT; AND AUTHORIZING THE RELEASE OF THE REVERTER UPON CERTAIN CITY'S RIGHT OF CONDITIONS.

WHEREAS, Section 58.1-3970.1 of the Code of Virginia, 1950, as amended, authorizes the appointment of a Special Commissioner for the purpose of conveying to localities, in lieu of public auction, certain real property with delinquent taxes and liens that meet certain criteria set forth therein; and

WHEREAS, the parcel of real property located at 2606 Middle Avenue and more particularly described in Exhibit A, attached hereto and made a part hereof ("Property"), was conveyed to the City of Norfolk ("City") by a Special Commissioner's deed executed and delivered pursuant to a decree entered by the Circuit Court of the City of Norfolk in accordance with the provisions of Section 58.1-3970.1 of the Code of Virginia, 1950, as amended; and

WHEREAS, upon acquisition of the Property, the City recorded Declarations of Protective and Restrictive Covenants ("Restrictive Covenants") in the Clerk's Office of the Circuit

Court of the City of Norfolk, as Instrument No. 060002130, which document provides, <u>inter alia</u>, that a violation of any protective or restrictive covenant contained therein shall, in the sole discretion of the City, cause the title to the Property to revert to the City; and

WHEREAS, Council has determined that the Property is not needed for any of the uses or purposes of the City and is a continuing financial burden on the City; and

WHEREAS, Section 2(5) of the Norfolk City Charter provides the City with broad authority for the disposition of its real property; and

WHEREAS, the said parcel has a current total assessed value of \$32,400.00; and

WHEREAS, Council has determined that the public interest is best served by the conveyance of the Property to Notable Rehabs, LLC ("NR") for the sum of \$32,400.00 upon the terms and conditions set forth in the Conveyance Agreement attached hereto as Exhibit
B; and

WHEREAS, in order that any potential purchasers of the Property may be able to obtain appropriate financing, it may be necessary that the City's right of reverter be released as to the Property; now therefore,

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That the conveyance of the Property, located at 2606 Middle Avenue and further described in $\frac{\text{Exhibit A}}{\text{A}}$, to NR for the total sum of \$32,400.00 upon the terms and conditions set forth in the Conveyance Agreement attached as $\frac{\text{Exhibit B}}{\text{A}}$, is hereby authorized and approved.

Section 2:- That the City Manager, and the other proper officers of the City, are authorized to execute the Conveyance Agreement on behalf of the City of Norfolk and, upon receipt of the sum of \$32,400.00, to deliver to NR a Special Warranty Deed in form satisfactory to the City Attorney, and to do all other things necessary and proper to effect the conveyance of the said Property to NR.

Section 3:- That the City Manager is authorized to release the City's right of reverter as to this Property upon receipt by the City of written certification by NR that a purchaser of the Property has been identified and that such purchaser is unable to obtain financing for the purchase unless the City's right of reverter is released. In all other respects, the Declaration of Protective and Restrictive Covenants recorded in the Clerk's Office of the Circuit Court of the City of Norfolk as Instrument No. 060002130 shall remain in full force and effect.

Section 4:- That the City Manager is further authorized to correct, amend or revise the Conveyance Agreement as he may deem advisable to carry out the intent of the Council as expressed herein.

Section 5:- That this ordinance shall be in effect from and after thirty (30) days from the date of its adoption.

EXHIBIT A TO ORDINANCE

Tax Account No. 2333-6000

ALL THOSE lots, pieces or parcel of land, located in City of Norfolk (formerly in the County of Norfolk), with the buildings and improvements thereon, known, numbered and designated as Lots Three (3) and Four (4), in Block One (1), as shown on Plat of Villa Park Corporation, which said plat is duly of record in the Clerk's Office of the Circuit Court of City of Norfolk (formerly Norfolk County), Virginia in Map Book 13, page 69, which said lots fronts 25 feet each on the eastern side of Middle Avenue and run back between parallel lines 100 feet.

IT BEING the same property conveyed to Gladys M. Jones, by deed from Lucy A. Turner, dated March 30, 1996, and recorded October 25, 1967 in the Clerk's Office of the Circuit Court of City of Norfolk, Virginia, in Deed Book 1096, page 239.

Gladys M. Jones aka Gladys Mae Jones died intestate August 27, 1978 a List of Heirs was filed in Will Book 1183, page 92, naming Richard A. Jones and Frederick D. Jones, as her heirs at law.

EXHIBIT B TO ORDINANCE

CONVEYANCE AGREEMENT

| THIS AGREEMENT made this | day of | , 2015, between |
|----------------------------------------|----------------------|----------------------------------|
| the CITY OF NORFOLK, a municipal corpo | oration of the Con | nmonwealth of Virginia ("City"), |
| and NOTABLE REHABS, LLC, a Virginia | limited liability co | ompany ("NR"). |

RECITALS:

- A. City is the owner in fee simple absolute of a certain parcel of real property, together with all rights and appurtenances thereunto pertaining, located in the City of Norfolk, Virginia, known as 2606 Middle Avenue, more particularly described in Exhibit A, attached to and made a part of this Agreement (the "Property"), City having acquired the same pursuant to the provisions of Section 58.1-3970.1 of the Code of Virginia, 1950, as amended.
- B. Upon acquisition of the Property, City recorded a Declaration of Protective and Restrictive Covenants ("Restrictive Covenants") in the Clerk's Office of the Circuit Court of the City of Norfolk, as Instrument No. 060002130, a copy of which is attached hereto as Exhibit B, which document provides, inter alia, that a violation of any protective or restrictive covenant contained therein shall, in the sole discretion of City, cause the title to the Property to revert to City.
- C. City desires to sell the Property to NR and NR desires to purchase the Property in accordance with the terms and conditions of this Agreement.
 - D. These recitals are incorporated by this reference into this Agreement.
- **NOW, THEREFORE,** in consideration of the purchase price and the mutual promises contained in this Agreement, City agrees to convey and NR agrees to accept the conveyance of the Property, together with all easements, rights, and appurtenances thereto as follows:
- 1. <u>SALE</u>. City agrees to sell and NR agrees to purchase the Property, together with all easements, rights, and appurtenances thereto.
- 2. <u>PURCHASE PRICE</u>. The purchase price ("Purchase Price") for the Property is Thirty Two Thousand Four Hundred Dollars and 0/100 (\$32,400.00), and the Purchase Price will be paid in the form of a certified check, or by wire transfer of funds at closing.

CONVEYANCE.

a. City agrees to convey the property to NR by Special Warranty Deed, subject to applicable easements and restrictive covenants of record, and specifically the Restrictive Covenants attached hereto as Exhibit B.

- b. No building permit shall be issued for the development of a single-family dwelling on the parcel until a zoning certificate has been granted by the Department of City Planning, which verifies that the proposed single-family dwelling to be built on the parcel is consistent with the prevailing pattern in the neighborhood with respect to the footing, massing, scale, appearance, fenestration, roof lines and other exterior elements.
 - c. Possession of the Property will be given to NR at Closing.
- d. City agrees to pay the expenses of preparing the deed. NR will pay all other fees and costs charged in connection with the transfer of the Property and the recordation of the deed.
- e. City and NR agree that the attorney or title insurance company ("Title Company") selected by NR shall act as the settlement agent ("Settlement Agent") at Purchaser's expense. The Settlement Agent shall prepare the settlement statement, update and record the deed, collect and disburse settlement funds in accordance with this Agreement and the settlement statement, and file any required state and federal tax forms or other certifications in accordance with Paragraph 14.
- 4. <u>CLOSING</u>. The Closing will be made at the offices of the Norfolk City Attorney, in Norfolk, Virginia 23510, or such other location as the parties may agree, within 120 days of the effective date of the ordinance authorizing the conveyance of the property by the City ("Effective Date"), or as soon thereafter as settlement documents can be prepared and any title issues can be resolved.
- 5. <u>CONDITIONS</u>. NR's obligations are expressly conditioned upon the satisfaction of each of the following conditions in the sole determination of NR, it being understood that City is under no obligation whatsoever to expend any funds to satisfy any of these conditions. If any one of the following conditions cannot be met within 120 days after the Effective Date, NR may unilaterally terminate this Agreement:
 - a. Receipt of a satisfactory title commitment.
- b. Receipt of a Phase I Environmental Assessment and Report (Phase I Report) conducted and prepared by an environmental engineering and inspection company selected by NR at NR's expense, and such other testing and reports as may be reasonably required by NR or recommended in the Phase I Report, any such additional testing and reports to be at NR's expense.
 - c. Satisfaction by City of all obligations under this Agreement.
- 6. <u>SOLD "AS IS"</u>; NO REPRESENTATIONS AND WARRANTIES BY CITY. NR acknowledges that the City has made no representations or warranties whatsoever in regard to the Property, except for Special Warranty of Title. NR agrees that they have inspected and are thoroughly familiar with the Property and is acquiring the Property in its "as is" condition. NR understands and agrees that City has not made and makes no representations or warranties of any

kind with respect to the condition of the Property or its fitness, suitability or acceptability for any particular use or purpose, and City shall not be liable for any latent or patent defects therein.

7. NOTICES. All notices to the parties hereto will be delivered by hand, via certified mail return receipt requested, or via facsimile and all be deemed effective upon delivery if by hand and upon confirmation of receipt if by other means, to the following address until the address is changed by notice in writing to the other party:

NR:

Notable Rehabs, LLC

Attn: Jason Middleton

4410 East Claiborne Square, Suite 334

Hampton, Virginia 23666

City:

Director, Department of General Services

Office of Real Estate City of Norfolk

232 East Main Street, Suite 250

Norfolk, Virginia 23510

With a copy to:

Bernard A. Pishko

City Attorney

810 Union Street, Suite 900 Norfolk, Virginia 23510

- 8. <u>SURVIVAL</u>. The provisions contained in this Agreement will be true as of the date of this Agreement and as of the date of Closing and will survive the Closing.
- 9. <u>BROKERAGE OR AGENT'S FEES</u>. Neither the City nor NR are represented by a real estate broker, agent or finder in this transaction. No fees or commissions are or will be due from or payable by the City as a result of this transaction. The City shall not have any obligation whatsoever to pay any brokerage or agent's fees or commissions, nor shall the City have any obligation whatsoever to see that any such fees or commissions are paid.

10. DEFAULT AND REMEDIES.

- a. If the conveyance contemplated by this Agreement is not consummated because of City's or NR's default, the non-defaulting party may elect to:
 - (i) Terminate this Agreement; or
 - (ii) Seek and obtain specific performance of this Agreement.
- 11. <u>ENTIRE AGREEMENT</u>. This Agreement contains the entire agreement of the parties and will supersede the terms and conditions of all prior written and oral agreements, if any, concerning the matters it covers. The parties acknowledge there are no oral agreements,

understandings, representations, or warranties that supplement or explain the terms and conditions contained in this Agreement. This Agreement may not be modified except by an agreement in writing signed by the parties.

- 12. <u>GOVERNING LAW</u>. This Agreement is to be construed in accordance with the laws of the Commonwealth of Virginia.
- 13. <u>SUCCESSOR/ASSIGNMENT</u>. This Agreement will be binding upon and the obligations and benefits hereof will accrue to the parties hereto, their heirs, personal representatives, successors, and assigns.
- IRS REPORTING REQUIREMENTS. For the purpose of complying with any 14. information reporting requirements or other rules and regulations of the Internal Revenue Service ("IRS") that are or may become applicable as a result of or in connection with the transaction contemplated by this Conveyance Agreement including, but not limited to, any requirements set forth in proposed Income Tax Regulation Section 1.6045-4 and any final or successor version thereof (collectively the "IRS Reporting Requirements"), City and NR hereby designate and appoint the NR's attorney or Title Company to act as the "Reporting Person" (as that term is defined in the IRS Reporting Requirements) to be responsible for complying with any IRS Reporting Requirements. The attorney or Title Company hereby acknowledges and accepts such designation and appointment and agrees to fully comply with any IRS Reporting Requirements that are or may become applicable as a result of or in connection with the transaction contemplated by this Conveyance Agreement. Without limiting the responsibility and obligations of the attorney or Title Company as the Reporting Person, City and NR hereby agree to comply with any provisions of the IRS Reporting Requirements that are not identified therein as the responsibility of the Reporting Person, including but not limited to, the requirement that City and NR each retain an original counterpart of this Conveyance Agreement for at least four (4) years following the calendar year of the Closing.

WITNESS the following duly authorized signatures and seals:

(SIGNATURE PAGES TO FOLLOW)

CITY OF NORFOLK

| | By: | |
|---------------------------------------------------|----------------------------------------|---------------|
| | City Manager | |
| ATTEST: | | |
| | | |
| City Clerk | | |
| COMMONWEALTH OF VIRGINIA CITY OF NORFOLK, to-wit: | | |
| I, | names as such are signed to the forego | oing Purchase |
| Given under my hand this day | y of, 2015. | |
| | | |
| | Notary Public | |
| | Registration No | |
| Contents Approved: | | |
| | | |
| Director, Department of General Services | - | |
| Approved as to Form and Correctness: | | |
| Deputy City Attorney | _ | |

NOTABLE REHABS, LLC

| | By: | |
|------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------|
| | Title: | |
| STATE OF VIRGINIA CITY/COUNTY OF NORFOLK, to | o-wit: | |
| I, | , a Notary Public ir ice expires on | and for the City/County of Norfolk, in the , do hereby certify that (Title), on behalf of Notable |
| Rehabs, LLC, whose name is signed the same before me in my City and St | to the foregoing Cate aforesaid. | (Title), on behalf of Notable onveyance Agreement, has acknowledged |
| Given under my hand this | day of | , 2015. |
| | | |
| | Notary Pub | olic |
| | Registratio | n No. |

EXHIBIT A Tax Account No. 2333-6000

ALL THOSE lots, pieces or parcel of land, located in City of Norfolk (formerly in the County of Norfolk), with the buildings and improvements thereon, known, numbered and designated as Lots Three (3) and Four (4), in Block One (1), as shown on Plat of Villa Park Corporation, which said plat is duly of record in the Clerk's Office of the Circuit Court of City of Norfolk (formerly Norfolk County), Virginia in Map Book 13, page 69, which said lots fronts 25 feet each on the eastern side of Middle Avenue and run back between parallel lines 100 feet.

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EXHIBIT B

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| | | (Address 2) | [810 Union Street | t, Room 900 | |
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| | | (Address 2) (City, State, Zip) | [810 Union Street Norfolk | t, 900 City Hall Building |] [VA] [23510] |
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Ruh/fred jones

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DECLARATION OF PROTECTIVE AND RESTRICTIVE COVENANTS RELATIVE TO PROPERTY LOCATED AT LOTS 3 AND 4 IN BLOCK 1 (TAX ACCOUNT #2333-6000)

WITNESSETH:

WHEREAS, Declarant is the owner of certain property described in Exhibit A, attached hereto and made a part hereof ("Property"); and

WHEREAS, Declarant, in order to provide for orderly development, improvement and maintenance of the Property, and the surrounding neighborhood, deems it suitable and appropriate to establish and publish certain standards and restrictions and to impose the same upon the Property;

NOW, THEREFORE, for and in consideration of the premises, the mutual benefits accruing to Declarant, to the surrounding neighborhood, and to subsequent purchasers of the Property, Declarant does hereby declare said Property to be subject to the following covenants, which covenants shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in and to the Property or any part thereof.

A. PERMITTED AND PROHIBITED USES.

- 1. Any construction on or development of the Property shall be in keeping with the City of Norfolk's General Plan, as well as the City's neighborhood plans, as such plans may be approved from time to time by the City Council.
- 2. No building or structure of any kind shall be constructed, altered or permitted on the Property without the prior written approval of the design of such building or structure by the Director of City Planning for the City of Norfolk ("Director"). A set of plans shall be submitted to the Director for approval as set forth herein.
- 3. All buildings and structures located on the Property shall be kept in good repair and the Property shall be kept in compliance with all City codes and ordinances.
- 4. If the Property is located on a street or in a district that is designated as an underground street or district under the provisions of the Norfolk City Code, 1979, as amended ("City Code"), then any building or structure located on the Property shall be served by underground utilities, and no above ground poles and wires shall be permitted, unless otherwise provided in the City Code.

B. REVIEW AND APPROVAL OF PLANS

1. All plans for any new buildings or structures to be located on the Property, including any additions to existing buildings or structures, must be presented to and approved by the Director in writing prior to the commencement of any construction.

- 2. The Director shall approve or disapprove plans submitted to him within forty-five (45) days after an application has been made to him. If the Director fails to act within the said 45 days, the application shall be deemed to have been approved. In the event the plans are disapproved by the Director, the party submitting the plans shall have 45 days from the date of such disapproval to submit revised plans, such revised plans to contain any revisions required by the Director.
- 3. The plans required to be submitted to the Director for approval shall include a full set of construction plans and site plans.
- 4. The construction of any building or structure on the Property must commence within ninety (90) days of the receipt of approval by the Director. Work thereon shall be prosecuted diligently and must be completed within a reasonable time not to exceed twelve (12) months from the date construction commences.

C. GRANTEE'S ACCEPTANCE

The Grantee of the Property subject to the coverage of this Declaration, by acceptance of a deed conveying title thereto, or the execution of a contract for the purchase thereof, whether from Declarant or a subsequent owner of the Property, shall accept such deed or contract upon and subject to each and all of these protective and restrictive covenants and the agreements herein contained, and also the jurisdiction, rights, and powers of Declarant, and by such acceptance shall, for himself, his heirs, personal representatives, successors and assigns, consent, and agree to and with Declarant to keep, observe, comply with, and perform said protective and restrictive covenants.

D. <u>EFFECTS OF PROTECTIVE AND RESTRICTIVE COVENANTS.</u>

- These protective and restrictive covenants shall run with the
 Property and shall be binding upon all parties and all persons claiming under them.
- These protective and restrictive covenants may be changed, modified, or amended by a duly recorded instrument signed by the Declarant and the then current owner of the Property.
- 3. Each and every protective and restrictive covenant contained herein shall be considered to be an independent and separate covenant and agreement, and in the event that any one or more of said protective or restrictive covenants shall, for any reason, be held to be invalid or unenforceable, all remaining protective and restrictive covenants shall nevertheless remain in full force and effect.
- 4. The failure of any party or person to enforce a protective or restrictive covenant contained herein in any instance or against any person shall not constitute a waiver or abrogation of said protective or restrictive covenant.

E. REMEDIES.

The Declarant or any party to whose benefit these protective and restrictive covenants inure may proceed at law or in equity to prevent the occurrence, continuation, or violation of any of these protective and restrictive covenants, and the court in any such action may award reasonable expenses in prosecuting such action, including attorney's fees. In addition to any other remedy available at law or in equity, a violation of any protective or restrictive covenant contained herein shall, in the sole

discretion of the Declarant and upon the giving of written notice to the then current owner of the Property, cause the title to the Property to revert to the Declarant.

IN WITNESS WHEREOF, the Declarant has executed this Declaration the day and year first above written.

| | CITY OF NORFOLK | |
|--------------------------------------------|--------------------------------------|-------------|
| | By: Manager Manager | [SEAL] |
| Attest: | Approved as to form and correctnes | s: |
| Resulificants | Deputy City Attorney | 2.81.01 |
| STATE OF VIRGINIA CITY OF NORFOLK, to-wit: | | |
| I, Shelia W. Wild | er, a Notary Public in and for | the City of |
| Norfolk, in the State of Virginia, wh | ose term of office expires on the | 3/St day of |
| Manager and R. Breckenridge Daug | htrey, City Clerk, respectively, of | the City of |
| Norfolk, whose names as such are sign | ed to the foregoing instrument dated | Januar |
| 2008 have acknowledged the sa | | |
| Given under my hand the | day of January | , 200g. |
| | Ahelia n. me | diamali |
| | Ahelia W. Wie Notary Public | [0.07.15] |

EXHIBIT "A" Tax Account Number 2333-6000

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INSTRUMENT #060002130
RECORDED IN THE CLERK'S OFFICE OF NORFOLK ON JANUARY 17, 2006 AT 12:04PM GEORGE E. SCHAEFER, CLERK

RECORDED BY: DXJ